

**UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF PUERTO RICO**

In re:

THE FINANCIAL OVERSIGHT AND
MANAGEMENT BOARD FOR PUERTO RICO,

as representative of

THE COMMONWEALTH OF PUERTO RICO, *et al.*,
Debtors.¹

PROMESA
Title III

No. 17 BK 3283-LTS

(Jointly Administered)

In re:

THE FINANCIAL OVERSIGHT AND
MANAGEMENT BOARD FOR PUERTO RICO,

as representative of

PUERTO RICO ELECTRIC POWER AUTHORITY,
Debtor.

PROMESA
Title III

No. 17 BK 4780-LTS

**Court Filing Relates Only to
PREPA and Shall Only Be
Filed in Case No. 17 BK 4780-
LTS and Main Docket 17 BK
3283-LTS**

**URGENT MOTION FOR EXPEDITED CONSIDERATION OF URGENT MOTION OF
THE AD HOC GROUP OF PREPA BONDHOLDERS PURSUANT TO SECTION 312 OF
PROMESA AND SECTION 105 OF THE BANKRUPTCY CODE TO APPOINT A
MEDIATOR AND IMPOSE DEADLINES FOR A PREPA PLAN OF ADJUSTMENT**

¹ The Debtors in these Title III Cases, along with each Debtor's respective Title III case number and the last four (4) digits of each Debtor's federal tax identification number, as applicable, are the (i) Commonwealth of Puerto Rico (Bankruptcy Case No. 17-BK-3283-LTS) (Last Four Digits of Federal Tax ID: 3481); (ii) Puerto Rico Sales Tax Financing Corporation ("COFINA") (Bankruptcy Case No. 17-BK-3284-LTS) (Last Four Digits of Federal Tax ID: 8474); (iii) Puerto Rico Highways and Transportation Authority ("HTA") (Bankruptcy Case No. 17-BK-3567-LTS) (Last Four Digits of Federal Tax ID: 3808); (iv) Employees Retirement System of the Government of the Commonwealth of Puerto Rico ("ERS") (Bankruptcy Case No. 17-BK-3566-LTS) (Last Four Digits of Federal Tax ID: 9686); (v) Puerto Rico Electric Power Authority ("PREPA") (Bankruptcy Case No. 17-BK-4780-LTS) (Last Four Digits of Federal Tax ID: 3747); and (vi) Puerto Rico Public Buildings Authority ("PBA") (Bankruptcy Case No. 19-BK-5523-LTS) (Last Four Digits of Federal Tax ID: 3801) (Title III case numbers are listed as Bankruptcy Case numbers due to software limitations).

To the Honorable United States District Court Judge Laura Taylor Swain:

The Ad Hoc Group of PREPA Bondholders (the “Ad Hoc Group”) respectfully submits this urgent motion (“Urgent Motion”) to request entry of an order, in the form attached hereto as **Exhibit A** (“Proposed Order”), expediting consideration of the Urgent Motion of the Ad Hoc Group of PREPA Bondholders Pursuant to Section 312 of PROMESA and Section 105 of the Bankruptcy Code to Appoint a Mediator and Impose Deadlines for a PREPA Plan of Adjustment (the “Mediation & Plan Deadline Motion”).² In support of this Urgent Motion, the Ad Hoc Group respectfully states as follows:

JURISDICTION AND VENUE

1. The United States District Court for the District of Puerto Rico has subject matter jurisdiction pursuant to PROMESA § 306(a).
2. Venue is appropriate in this District pursuant to PROMESA § 307(a).
3. The statutory bases for the relief requested herein are PROMESA § 106(d), section 105(a) of the Bankruptcy Code and Bankruptcy Rule 9006, made applicable to these Title III cases by PROMESA §§ 301(a) and 310, Rule 9013-1 of the Local Bankruptcy Rules for the United States Bankruptcy Court for the District of Puerto Rico and the Fifteenth Amended Notice, Case Management and Administrative Procedures (Case No. 17- 03283-LTS, Dkt. No. 17127-1) (the “Case Management Procedures”).

RELIEF REQUESTED

4. By this Urgent Motion, the Ad Hoc Group respectfully requests entry of the Proposed Order establishing an urgent briefing schedule for its Mediation & Plan Deadline Motion.

² Capitalized terms not defined herein have the meaning set forth in the Mediation & Plan Deadline Motion.

5. Specifically, the Ad Hoc Group requests entry of an order which provides the following schedule: (a) objections or responses to the Mediation & Plan Deadline Motion to be filed no later than **Friday, February 25, 2022 at 12:00 p.m. (ET)**; and (b) replies in further support of the Mediation & Plan Deadline Motion to be filed no later than **Monday, February 28, 2022 at 11:59 p.m. (ET)**.

6. The Ad Hoc Group further requests that this Court thereafter take the Mediation & Plan Deadline Motion on submission.

BASIS FOR RELIEF REQUESTED

7. Federal Rule of Bankruptcy Procedure 9006(c)(1) provides that “the court for cause shown may in its discretion with or without motion or notice order the period reduced.” Fed. R. Bankr. P. 9006(c)(1).³ Further, Local Rule 9013-1(a) allows a party to request that a court consider a motion on an expedited basis. Moreover, section 105(a) of the Bankruptcy Code permits the Court to “issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of [PROMESA].”

8. Cause exists to hear the Mediation & Plan Deadline Motion on an expedited basis. The Ad Hoc Group is asking for urgent relief because such relief is truly required, not because it delayed or manufactured any emergency. As discussed in the Mediation & Plan Deadline Motion, PREPA’s Title III case is entering its fifth year, and the Oversight Board still has not filed a plan of adjustment, despite having already negotiated a deal that forms the basis for a PREPA plan nearly four years ago. While PREPA languishes in Title III, the people of Puerto Rico are forced to pay more for fuel, PREPA must pay higher fees to LUMA, and PREPA suffers from lack of access to capital markets.

³ The Federal Rules of Bankruptcy Procedure apply to cases under Title III and all civil proceedings arising in or related to such cases. *See* PROMESA § 310.

9. The situation has now reached a tipping point. In less than 60 days, Oversight Board Executive Director Natalie Jaresko will be leaving the Oversight Board, and her departure is likely to delay the Oversight Board's efforts to restructure PREPA's debts as the new executive director gets up to speed on the years of negotiation with which Ms. Jaresko is intimately familiar. The Oversight Board's own target for filing a PREPA plan of adjustment by the end of March is fast approaching.⁴

10. Given the enormous delay this case has already seen, the risk of substantial additional delay following Ms. Jaresko's departure, the importance of this critical Title III proceeding drawing to conclusion, and the Oversight Board's own stated desire to see a PREPA plan filed by March 31, the Mediation & Plan Deadline Motion cannot wait to be heard at the next omnibus hearing on March 23. Every day between now and March 31 that is not spent engaged in mediation to finalize PREPA's path forward significantly increases the risk of material delay. Due to Ms. Jaresko's impending departure and the significant loss of institutional knowledge associated with her departure, losing a month now risks delaying the resolution of this case by many months or longer.

11. The Ad Hoc Group's proposed schedule would allow the Oversight Board seven days to respond, with replies in further support due just a few days later, so that the Court can hopefully render a decision as quickly as possible. The Mediation & Plan Deadline Motion does not itself involve complex legal issues, and thus seven days allows sufficient time for the Oversight Board to respond.

12. Even if the Oversight Board responds to the Ad Hoc Group by offering to engage in negotiations, the history of the COFINA and Commonwealth negotiations demonstrates that

⁴ See Jan. 19, 2022 Status Report.

progress requires a mediator overseeing the process, and the establishment of fixed meeting dates and deadlines.

13. Counsel for the Ad Hoc Group has communicated with counsel for the Oversight Board and PREPA regarding the relief requested in the Mediation & Plan Deadline Motion and in this Urgent Motion. **The Oversight Board said that it opposed the relief the Ad Hoc Group is seeking in the Mediation & Plan Deadline Motion. The Oversight Board did not consent to the briefing schedule proposed by the Ad Hoc Group in this Urgent Motion.** Because of its refusal, the Ad Hoc Group has no choice but to ask the Court to set these deadlines over their objection.

CERTIFICATION

14. Pursuant to Local Rule 9013-1 and paragraph I.H of the Case Management Procedures, the Ad Hoc Group hereby certifies that it has (a) carefully examined the matter and concluded that there is a true need for an urgent hearing; (b) not created the urgency through a lack of due diligence; (c) made a bona fide effort to resolve the matter without a hearing; (d) made reasonable, good faith communications in an effort to resolve or narrow the issues being brought to the court; (e) conferred with counsel for the Oversight Board, who did not consent to the relief requested in the Urgent Motion; and (f) communicated with the counsel for the Oversight Board in a reasonable, good-faith manner with respect to the relief sought by this Urgent Motion and the scheduling of briefing related thereto.

NOTICE

15. Notice of the Urgent Motion and of the proposed briefing schedule contained herein has been provided to counsel for the Oversight Board and counsel for PREPA.

NO PRIOR REQUEST

16. No previous request for the relief requested herein has been made to this or any other court.

WHEREFORE, the Ad Hoc Group respectfully requests that the Court enter the Proposed Order, attached hereto as Exhibit A, granting the relief requested herein and granting such other relief as the Court deems just and proper.

Dated: San Juan, Puerto Rico
February 18, 2022

Respectfully Submitted,

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Exhibit A

Proposed Order

**UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF PUERTO RICO**

In re:

THE FINANCIAL OVERSIGHT AND
MANAGEMENT BOARD FOR PUERTO RICO,

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THE COMMONWEALTH OF PUERTO RICO, *et al.*,
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**[PROPOSED] ORDER GRANTING URGENT MOTION FOR EXPEDITED
CONSIDERATION OF URGENT MOTION OF THE AD HOC GROUP OF PREPA
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Upon consideration of the *Urgent Motion for Expedited Consideration of Urgent Motion of the Ad Hoc Group of PREPA Bondholders Pursuant to Section 312 of PROMESA and Section 105 of the Bankruptcy Code to Appoint a Mediator and Impose Deadlines for a PREPA Plan of Adjustment* (the “Urgent Motion”), filed on February 18, 2022 by the Ad Hoc Group of PREPA Bondholders, and the Court having found and determined that (i) it has jurisdiction over this proceeding and the Urgent Motion; and (ii) good cause exists for the relief requested therein, the Court **HEREBY ALLOWS** the Urgent Motion and sets the following briefing schedule for the *Urgent Motion of the Ad Hoc Group of PREPA Bondholders Pursuant to Section 312 of PROMESA and Section 105 of the Bankruptcy Code to Appoint a Mediator and Impose Deadlines for a PREPA Plan of Adjustment* (the “Mediation & Plan Deadline Motion”):

1. Any opposition shall be due by 12:00 pm ET on February 25, 2022.
2. Any reply shall be due by 11:59 pm ET on February 28, 2022.
3. The Court will thereafter take the Mediation & Plan Deadline Motion on submission.

SO ORDERED

Date: _____, 2022

HONORABLE LAURA TAYLOR SWAIN
UNITED STATES DISTRICT JUDGE